

mum assured revenue for the eastern and western legs would amount to \$1.113 billion per year. This amount would increase annually according to the inflation factor.

### TRANSPORT

#### GOVERNMENT POLICY RE INTERNATIONAL AND DOMESTIC AIR ROUTES

**Hon. Raymond J. Perrault (Leader of the Government):** Honourable senators, I have a delayed answer to a question asked by Senator Nurgitz on April 2, 1981, concerning the government's international air policy; the dropping of unprofitable routes by Air Canada; and government policy on deregulation. I ask that the answer be taken as read.

**Hon. Senators:** Agreed.

*(The answer follows:)*

Government policy on international air services continues to be based on the existence of two flag carriers operating under a single integrated plan. This plan consists of a division of the world into geographic areas where each carrier is entitled to operate. At present, the government believes that the needs of the travelling public are adequately served by this two-carrier policy. The remarks by the President of Air Canada, to which the honourable senator refers, were based on the president's own views and did not reflect government policy.

In recent years, Air Canada has been allowed to suspend service to the following points, but retains the right to reintroduce service at some future date: Brussels, Prague and Moscow (January 1977), Vienna (March 1977), Shannon (November 1979), and Copenhagen (January 1981).

With respect to domestic air services, the Minister has endorsed the previous government's policy of controlled deregulation, under which competition should be allowed to increase progressively as markets mature. This policy is based on the recognition that competition can yield real benefits to the public, but that it can also lead to carrier instability and inadequate service in low density markets.

#### AIR FREIGHT RATES BETWEEN NORTHERN COMMUNITIES

**Hon. Raymond J. Perrault (Leader of the Government):** Honourable senators, I have a delayed answer to a question asked by Senator Adams on May 21, 1981, concerning air freight rates between northern communities. The answer is rather long, and I ask that it be taken as read.

**Hon. Senators:** Agreed.

*(The answer follows:)*

The honourable senator's remarks of May 21, 1981 are factually correct. However, they present a very fragmented view of the air freight rate situation which demands clarification.

Firstly, for certain given situations all over the country rate anomalies do exist. What one must consider, in

[Senator Olson.]

looking at freight rates for a given region, is the normal way in which goods are moving as opposed to these anomalies or exceptions. The honourable senator surely knows that the situation he has represented is, indeed, the exception rather than the rule. He knows that to move a small package in the north, one would tend to use the mails as opposed to air freight, as air freight for such small items is expensive—as it is in the south. The fixed administrative costs as a proportion of the value of the shipment for the movement of small packages are, relatively speaking, higher than those for larger volume shipments. However, the honourable senator should be well aware that it is exactly those large volume consignments, or shipments over 200 pounds, that make up the majority of the air freight business in the north. I am happy to inform the honourable senator that freight rates for large volume consignments have been relatively stable. In fact, these rates have risen only an average of about 10 per cent in 1980-81 and these rates filed by Calmair as of May 8, 1981, are less than the Transair rates of 1979 and the PWA rates filed on January 28, 1980. For the benefit of the honourable senator I have obtained copies of the freight rate increases for large volume shipments and I would be happy to make them available to him.

The overall subject of air freight rates in the north is one that has received very close attention from the Canadian Transport Commission as is indicated by the recent hearings on air services in the Keewatin District January 13 to January 23, 1981. While the recent bankruptcy of Lambair, a carrier which provided charter service to this region, has upset, to some extent, the balance between chartered and scheduled services, I am sure that other carriers will enter this market. I would like to reassure the honourable senator that this situation in the north is not one which is at rest within this government but is receiving very active attention.

### HEALTH AND WELFARE

#### HEALTH OF JAMES BAY CREE INDIANS—GOVERNMENT POLICY

**Hon. Raymond J. Perrault (Leader of the Government):** Honourable senators, I have a delayed answer to a question asked by Senator Nurgitz on May 26, 1981, concerning the health of the James Bay Cree Indians. Since the answer is quite lengthy, I ask that it be taken as read.

**Hon. Senators:** Agreed.

*(The answer follows:)*

The responsibility for health care of the Cree Indian people in the James Bay area was finally transferred on March 31, 1981, under the James Bay and Northern Quebec Agreement, to the Quebec government and the Cree Board of Health and Social Services.

There has been considerable debate on medical, legal and political issues relating to the agreement, on the services that are being provided and on responsibilities for these services. Although responsibility for health matters